



USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Template Version 2.09

Voluntary Report - public distribution

Date: 10/14/2004

GAIN Report Number: MX4118

Mexico

Agricultural Situation

Weekly Highlights and Hot Bites, Issue #38

2004

Approved by:

Suzanne Heinen

U.S. Embassy Mexico City

Prepared by:

Benjamín Juárez, Salvador Trejo, Dulce Flores & Gabriel Hernández

Report Highlights:

- MORE THAN 180,000 TONS OF DRY BEANS IN STORAGE IN ZACATECAS
- SAGARPA": THERE ARE ONLY 120,000 TONS OF DRY BEANS IN STORAGE, BUT NOT IN ZACATECAS"
- JAPAN RECOGNIZES THE STATES OF BAJA-CALIFORNIA AND SINALOA AS CPF-FREE
- MORE MONEY FOR THE MEXICAN COUNTRYSIDE
- REJECTION TO CHANGES RELATED TO THE 20 % TAX ON FRUCTOSE
- THE MEXICAN COUNTRYSIDE READY TO FACE THE 2008 NAFTA TOTAL OPENING

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Mexico [MX1]
[MX]

.....

Welcome to Hot Bites from Mexico, a weekly review of issues of interest to the U.S. agricultural community. The topics covered in this report reflect developments in Mexico that have been garnered during travel around the country, reported in the media, or offered by host country officials and agricultural analysts. Readers should understand that press articles are included in this report to provide insights into the Mexican "mood" facing U.S. agricultural exporters. Significant issues will be expanded upon in subsequent reports from this office.

DISCLAIMER: Any press summary contained herein does NOT reflect USDA's, the U.S. Embassy's, or any other U.S. Government agency's point of view or official policy.

.....

MORE THAN 180,000 TONS OF DRY BEANS IN STORAGE IN ZACATECAS

According to a local newspaper, more than 180,000 MT of dry beans from the 2002 and 2003 crops in Zacatecas remain in storage as the private company Almacenadora Mercader, contracted by SAGARPA to market the beans, has been unable to sell the beans. On October 5, 2004, local and federal agricultural authorities reportedly "agreed" to hold this volume off the domestic market. Local growers stated that the domestic market is being invaded by smuggled dry beans coming from Chile and Peru, via the United States, as well as by U.S. imports. (Source: La Jornada; 10/06/2004)

SAGARPA": THERE ARE ONLY 120,000 TONS OF DRY BEANS IN STORAGE, BUT NOT IN ZACATECAS"

SAGARPA's Delegate in Zacatecas, Jose Luis Montalvo, clarified that there are 120,000 tons and not 180,000 tons of dry beans stored in Zacatecas, as was published by the newspaper La Jornada. He stated the private company Almacenadora Mercader is storing the beans, with governmental funds, because they have not been able to market the beans. However, he said, these dry beans are not stored in Zacatecas, but in several warehouses in Mexico City, Toluca, Guadalajara, Monterrey, Puebla and Veracruz. Montalvo reiterated that the dry beans in storage are from the 2002 crop, not from the 2003 crop." (Source: La Jornada; 10/07/2004)

JAPAN RECOGNIZES THE STATES OF BAJA-CALIFORNIA AND SINALOA AS CSF-FREE

According to a press bulletin from the Secretariat of Agriculture, Livestock, Rural Development, Fisheries and Food, Japan confirmed the states of Baja California and Sinaloa as free of Classical Swine Fever (CSF). The acknowledgement of these two states is in addition to the previous authorization of the states of Chihuahua, Sonora and Yucatan. (Source: SAGARPA, 09/22/2004)

MORE MONEY FOR THE MEXICAN COUNTRYSIDE

Members of the Autonomous Farmers Organizations National Union (UNORCA) demanded a 10 percent increase on the 2005 agriculture budget during a demonstration at SAGARPA. In addition to the public demonstration, UNORCA published in Mexico's newspaper "La Jornada" a one-page advertisement criticizing the free market policies implemented by President Fox's administration. UNORCA demanded the urgent implementation of productive and social programs for the countryside, the effective disbursement of 2004 budget

obligations and modification of the agricultural chapter under NAFTA. Also, UNORCA demanded the activation of safeguards and duty rates, the exclusion of corn and beans from the NAFTA provisions, and the reintroduction of duties on sensitive products under the NAFTA framework. SAGARPA authorities declared that negotiations and dialogue with UNORCA representatives have been productive, since most of their petitions are in the process of being resolved. In addition, SAGARPA will grant this organization U.S.\$ 391 million in producer supports, which in UNORCA's opinion is insufficient for their needs. (Source: La Jornada, Excelsior, Reforma; 10/05/2004)

REJECTION TO CHANGES RELATED TO THE 20 % TAX ON FRUCTOSE

Representatives of the Chamber for the Sugar and Alcohol Industries, as well as sugar producers and congressmen rejected any changes relating to the special 20% tax on the use of fructose in beverages. During a meeting summoned by the Special Sugar Commission from the Lower Chamber, Congressmen, the soda-drink industry, the starch industry, sugar producers and mill owners expressed their points of view on the option of eliminating or modifying the tax applied to fructose. The Vice President of the Sugar Chamber is confident that the special tax will not be removed; otherwise it will generate large sugar stocks within the sugar industry, as was the case during 1995-2001. However, the National Association of Soft Drink Producers, as well as the Food Council from the National Chamber of the Transformation Industries (CANACINTRA), believes there is still a chance to reach an agreement on the special tax. (Source: Reforma 10/7/2004)

THE MEXICAN COUNTRYSIDE READY TO FACE THE 2008 NAFTA TOTAL OPENING

In response to Senators' inquiries regarding the NAFTA 2008 agricultural trade opening, Secretary of Agriculture Javier Usabiaga said that "Mexico has strong policies in place to face 2008, that can shield corn, bean and milk producers from expected competition." In addition, Secretary Usabiaga asked the Senators to assess the impact of NAFTA from a positive point of view since "the results are palpable; imports have decreased while exports have increased considerably." However, PRI Senator Rojas described a completely different situation, where 25 million farmers lives in poverty and are in desperate need of GOM support. However, Usabiaga insisted that the goals achieved by the Fox administration, make him feel "completely satisfied." (Source: La Jornada; 10/06/2004)

REPORTS RECENTLY SUBMITTED BY FAS/MEXICO CITY

NUMBER	TITLE	DATE
MX4113	Weekly Highlights & Hot Bites, Issue #37	9/24/04
MX4114	Sugar Semi-Annual Report	9/30/04
MX4115	Emergency Regulation for Med-flies NOM-EM-042-FITO-2004	10/05/04
MX4116	Modification to Final Standard on New Sawn Lumber (NOM-016-SEMARNAT-2003)	10/07/04
MX4117	Strawberries Annual Report	10/13/04

We are available at <http://www.fas-la.com/mexico> or visit our headquarters' home page at <http://www.fas.usda.gov> for a complete selection of FAS' worldwide agricultural reporting.

FAS/MEXICO EMAIL

To reach us at FAS/Mexico City:

AgMexico@usda.gov and/or ATOMexico@usda.gov